DEPARTMENT OF DEFENSE BLOGGERS ROUNDTABLE WITH KEVIN BILLINGS, ACTING ASSISTANT SECRETARY OF THE AIR FORCE FOR INSTALLATIONS, ENVIRONMENT AND LOGISTICS; AND MICHAEL AIMONE, ASSISTANT DEPUTY CHIEF OF STAFF FOR LOGISTICS, INSTALLATIONS AND MISSION SUPPORT, U.S. AIR FORCE, VIA TELECONFERENCE TIME: 10:02 A.M. EDT DATE: TUESDAY, OCTOBER 21, 2008

(Note: Please refer to www.dod.mil for more information.)

SEAMAN WILLIAM SELBY (Office of the Secretary of Defense for Public Affairs): Today, our guest is Mr. Kevin Billings and Mr. Aimone and Mr. Kevin Billings is Acting Assistant Secretary of the Air Force for Installations, Environment and Logistics, headquarters U.S. Air Force. And Mr. Billings and Mr. Aimone, if you have some opening comments you can go on with that right now.

MR. BILLINGS: Thank you, again, this is Kevin Billings and Mike Aimone.

I wanted to thank you for taking the time to meet with us and go through this. Really quickly, Andre, is that you. Did you just on board? Yeah, that's right. Q That's right. Thanks. Andy Bachman, DOD energy blog, good morning.

MR. BILLINGS: Perfect. What I wanted to do is take a little bit of time to talk about, I think everybody is aware that there was a transition within the Air Force and there were a lot of questions that were being asked about the priority of energy and how the new secretary and chief were going to address energy and move forward and with Mr. Anderson leaving, again, there were more questions.

I think the first thing to say is that energy remains a huge priority with the Air Force because in terms of the Air Force situation with regard to worldwide energy demand, nothing really has changed. The Air Force still is the largest user of energy in the federal government. We have a billion gallons of jet fuel a year. We still spend $1 billion a year on energy at our facilities. The United States still imports 60 percent of our energy from foreign sources, petroleum products from foreign sources and so and it comes from a lot of places where regimes may or may not be tremendously favorable to us and it goes through a number of very dangerous chokepoints in the world.

So that creates risk for the United States Air Force in terms of our energy posture. So we have to be very attuned to it and it makes it just as important to continue with our strategy of reducing demand, increasing supply and changing culture within the Air Force.

I think what has changed, however, is the Air Force perspective on -- we're spending more time in terms of reaching out, looking for best practices, working with our sister services looking to be more collaborative in terms of how we move forward, seeing if we can look at expanding markets and setting conditions, not only as the Air Force by itself, but in collaboration with our sister services working more closely with the Department, OSD, the Department of Defense, as well as the Navy and the Army.

So I think in terms of priority remains a very, very high priority in terms of tone and we're going to be on to receive as much as transmit from now on and we're also going to be much more collaborative. We're going to be -- we take part of being a wingman very seriously.

So the emphasis is still as strong and still as important, it's just that, again, we're going to be much more collaborative and look to how, not only can we share best practices, but how can we learn from others as well?

MR. AIMONE: And I'll pick up, this is Mike Aimone and focus my opening comments on our strategy of reducing demand, ensuring supply and culture change by stating that we recognize that -- consumes a significant amount of its energy in aviation operations and, therefore, as we talk about reducing demand and assuring supply, it's more than just looking at the facilities management activities with the United States Air Force, but the aviation operations. Underpinning of that has to be, frankly, a vision where every airman makes energy a consideration in all we do and that's the culture piece to this is technology can provide us better aviation operation procedures, and certainly, more alternative energy and renewable energy sources, but the culture can significantly reduce the demand for electricity if we, in fact, build this culture where airmen make energy a consideration.

Secondly, I would again suggest that while this is a discussion about energy security and meeting the president's demands to reduce our foreign oil imports, this is also about the United States electrical power grid and it's vulnerability and associated ability to be able to operate military missions should the grid become vulnerable and that's my opening comments.

SEAMAN SELBY: Thank you, sir. And Chuck, you were on the line first. Make sure you state your question very succinct and let's keep these questions to the point.

Thank you.

Q Okay. Good morning, gentlemen, Chuck Simmons from America's North Shore Journal.

I wanted to ask with Air Force facilities consuming a lot of land area, are there any programs for exploring for natural resources on base, oil, natural gas drilling? Anything like that going on?

MR. BILLINGS: There are, actually, you're right. There's a great deal of land within the United States Air Force and we're looking at ways to utilize the land in compatible ways with our missions and it depends on the mission at the base is to what we can and can't do. I'll give you an example. One of the things that we were able to do in Nevada outside of Las Vegas at Nellis Air Force Base, the utility in that area, Nevada Power, needed about ten megawatts of peak shaving capacity, which is basically capacity during the peak parts of

the day in the middle of the day so that they could balance out their load. They needed additional capacity, about ten megawatts.

The way the tax structure and the renewable portfolio standards in the State of Nevada existed, created a requirement for the utility to look for renewable energy sources and, again, the tax structure created a very attractive opportunity for developers to build that and sell the electricity to Nevada Power. The limiting factor in dealing with that whole scheme was the fact that they also needed a lot of land. The Air Force had about, actually, 100, it had 148 acres that it needed to be able to add, which was a former landfill that was being used as buffer at the airbase and the developers came to the Air Force, asked if they could use that land. We cut a deal with the developer to use 140 acres of land and they put 72,000 solar rays there and they created 14 megawatts of clean, renewable energy that meets the peak shaving capacity for the utility and in exchange, the Air Force has gotten a million dollar a year reduction in their energy bill.

So this was a win for everybody because the utility needed the power.

The state had requirements for renewable energy and the Air Force had land that it was otherwise just going to sit there doing nothing except being a buffer. We were able to utilize that land to build the renewable power project and save the Air Force, essentially, $20 million.

So that's one of the ways we're looking at utilizing our land. There are opportunities across the Air Force to look at how do we best utilize land, but the thing to understand is that the number one thing is providing our mission and making sure that we fulfill our mission and while developing energy resources, whether they be wind, geothermal, solar or mineral resources under our land. It has to be compatible with the overall mission of the base.

Q Just a quick follow up. You said that the solar array reduced the energy bill $1 million and then later on you said something about $20 million.

MR. BILLINGS: It's a $1 million a year for 20 years.

Q Okay.

MR. BILLINGS: So the total is $20 million, but it's a $1 million a year.

Q All right. Thank you.

SEAMAN SELBY: And Jared, you're second on the line.

Q Yes, sir. It's Lieutenant Fishman with the Air Force Pundit. Could you talk a little bit about as we're engaged in combat operations in Iraq and Afghanistan, I've seen a lot of reports in Baghdad of using solar-powered lighting fixtures that were end placing for the Iraqi civilians and other types of solar-powered accoutrements for the civilians.

Is there any such usage envisioned on our air bases within the Middle East to try to take advantage of the sunlight that's over there?

MR. AIMONE: Jared, thank you very much for the question, this is Mike Aimone. Clearly, we have and our partners in the Army.

SEAMAN SELBY: Mike, they said you were Mike Aimone --

MR. AIMONE: I'm the Assistant Deputy Chief of Staff for Logistics and Installations, headquarters United States Air Force. That's right. We didn't define that.

With regards to our operations in expeditionary locations, there's a significant effort, first of all, to look at how much current petroleum product is used to run our generation on the installations and going through a significant, if you will, energy audit of those expeditionary locations to find out the best ways of satisfying the energy needs besides convoys of petroleum product on the roads.

And so the first thing that has been done and is being done as we speak is insulating, super insulating the tenting. So applying a spray foam on the tents is turning out to reduce, a good example in one operating location the amount of air conditioning where eight units of air conditioning, they're able to cut that back to three units of air conditioning with this super insulation on the tent gymnasium facility.

So first is reduce the demand, the second, of course, as you suggested is looking for solar energy opportunities, as well as wind. It turns out the wind resource in many places is excellent enough for small wind power capability to supplement the power generation that would be there at night and during the night, et cetera, et cetera.

So there's a significant effort of insulating and then applying both solar and wind applications in our expeditionary bases and they're underway right now.

The Army experimented with trash to energy at two locations. They actually built an experimental capability using new technology, had it in theater for 90 days and it just came out in the last couple of weeks and it was a new technology demonstration, very quick technology demonstration of being able to harvest the waste and turning it into electricity. I'll defer to the Army on the success of that, although it certainly was an experimentation that has just recently completed.

Does that help?

Q Great. Thanks.

MR. AIMONE: Andrew?

Q Okay. Thanks for the opportunity. This is Andy Bachman of the DOD Energy Blog. I'm based up in Boston and thanks for the opportunity to speak, Mr. Billings and Mr. Aimone. I have two questions, one is pretty straightforward and one will be a little bit more of a push, but I'll go with the first one for a warm up. Coal to fuel and shale to fuel is a real big push as part of finding a new way to power the aircraft and my question is and I saw something recently in DOE with some new grants, but do you guys feel confident that you're making good strides in coal to fuel, both in terms of turning that into an economical way of attaining more jet fuel? And do you have a feeling beyond coal to fuel, meaning other sources, biomass and others in terms of being able to significantly supplement the sources that we use and replace some of the bad ones?

MR. BILLINGS: Yes, actually, what the Air Force is doing in terms of alternative fuels and coal to liquids and coal to fuels and also other feed stocks is -- what we're doing right now is we've got a very systematic program to move forward to first certify our fleet to be able to fly on a 50-50 blend of what we're testing right now is a Fisher Tropp fuel plus JP8.

Q I've read that stuff and you guys do a really good job of publishing it every time a new aircraft goes out and it's certified. That's outstanding.

MR. BILLINGS: The issue --

Q My question is more on the price part, meaning, the planes can handle it.

MR. BILLINGS: Right.

Q Are you going to be able to crank the price down so that it's not so exorbitant?

MR. BILLINGS: Well, the thing is, we're doing the things that we can control. What we're doing as an Air Force is trying to -- we're taking the things that we can control, you know, how our planes fly, whether they can be certified and if the product exists, making a commitment to buy it at cost-competitive prices. If we were not to certify our fleet, we would not be doing anything, which is one of the things that we can control.

We're a customer and as a customer, we have the opportunity and I say the responsibility to look at alternatives, especially given the fact that all the other things that are going on that I talked about earlier in terms of the world, but you know, we don't control the market, I mean, we can do our part to set market conditions. We can encourage others to expand and to certify their fleets.

Two weeks ago, General Schwartz asked me to brief the NATO air chiefs conference and so I spoke to the 24 NATO air chiefs about what we were doing in terms of synthetic fuel and all of our energy issues, but what we talked about a little bit and I tied this back into the North Atlantic Treaty and the things as an Air Force, we can control the man, we can control the things, again, we can control and if we work together and this goes back to what Secretary Donnelly and General Schwartz have talked about being more collaborative, about working with our services because if the Navy were to begin to certify its fleet to fly on synthetic JP5 or the Navy was to look at using a synthetic M76 Marine diesel, which could easily come from coal as well, what you do is you create a larger market, which provides stability and predictability to the capital markets where they can invest in that.

Again, we can only control the things that we can control and our ability to make sure that our planes that the market exists and that we're able to buy it when it comes online, but in terms of, you know, we're not going to subsidize it in terms of paying a premium for the fuel because we've got a fiduciary responsibility to the taxpayers to fly our missions as cost-effectively as possible.

So it's a balancing act and we're doing the things that we can do, you know, will the price come down? And how does that work? Right now with the

price of oil coming down, you know, a lot of it is concern that many of the financial community has had, you know, these plans cost a lot of money and the clearing price for coal to liquids if it's at $75 a barrel and you're down below $75 a barrel, it doesn't make economic sense to do that, but if it pops up -- those are just things we've got to deal with in terms of the reality of the marketplace, but we're doing what we can do as a customer.

Q We mentioned on a roundtable yesterday with Mindy Montgomery from DDR about how it's not just the high price of fuel, it's the extreme volatility of the price that throws a monkey wrench in any type of planning and forecasting. It's something that we need to figure out a way to sort of -- to live in that environment of perpetual volatility.

Thanks for the response and here's the second question. This has to do with the famous or infamous new tanker program and I remember being at a conference a couple of years ago, I'm former Air Force, where the general speaking said -- he was talking about the procurement process and how slow it was and the KC-135 and he said, just so you know, he said, the last pilot to fly the KC-135 hasn't been born yet, in fact, the mother of the last pilot has not been born yet, so it's going to be a lot longer no matter what happens, even though it's going slow.

My question is: Is there a way given the new climate with the NDAA 2009 and its focus on the full burden cost of fuel, you reckon there's a way to introduce some additional efficiency benefits when the tanker program does get on track again, something along the lines and I know there's a lot of engineering here, but something along the lines of the 787 as a tanker to really make something good out of all the delay that there's been?

MR. BILLINGS: That's a really hard question and you know what and in concept -- I'm going to duck that question. I'm going to be completely honest with you because this is -- I've got thoughts on it. Of course, we need to be as economical and as efficient in what's going on, but in terms of, you know, right now setting policy on tankers and on the stuff that's going on, that's so far out of my lane, I mean, except on a broad policy point of view where we're all for goodness. I am not going to answer that question.

Q And that's fair. Taking a pass on an unanswerable question or something, and I'm not going to pursue this relentlessly, but if it's not in your lane, do you know whose lane or what organization would own that?

MR. BILLINGS: The acquisition folks over in AQ are the folks and the requirements, the people who put the requirements together in the acquisition space are those folks and we encourage them to look at, you know, all of those things, but it is a programming and acquisition program. So it would be the folks in AQ.

Q Okay. And the last point of that.

SEAMAN SELBY: We're running a little short on time, so before you ask your question, Chuck and Jared, do you have any follow ups?

Q Yeah, I like to ask a quick question.

SEAMAN SELBY: We'll go back around and see you again, Andy.

Q Okay. Thanks.

SEAMAN SELBY: Go ahead, Chuck.

Q Okay. Your motor vehicle fleet, gentlemen, how many motor vehicles does the Air Force have? And how many of them are currently operating with alternative fuels like natural gas or electricity? MR. AIMONE: I'll go ahead and answer that. This is Mike Aimone. I'll take for the record exactly the numbers, that's probably five minutes away after this phone call and Seaman, I'll pass those to you get you exactly the numbers. But let me suggest this to you. One hundred percent of the new vehicle purchases of the general purpose fleet and I'm being very specific, not the tactical fleet, not the special purpose fire trucks and the like, but the sedans and the pick up trucks the Air Force purchases every year, 100 percent of those are purchased as flex fuel vehicles or rented if they, in fact, go through the GSA lease. One hundred percent of them are flex fuel vehicles.

Now, the specific question you asked is then, therefore, how many of them actually operate with biofuels? And the answer is in the case of those that are diesel engine and most of the trucks are diesel engines, the vast majority and, again, I'll give you the specific numbers as a record insert after this telephone call, probably within the next hour, the vast majority of the diesels operate off B-20, which is a biodiesel, 20 percent biofuel, 80 percent diesel. In the case of those that are internal combustion engine, which is a significant number, fewer of the percent operate with ethanol only because it's not available where we have our installations.

Q Do you have vehicles operating with electricity or natural gas?

MR. AIMONE: There's a small amount of natural gas, but not much. In the case of electric vehicles, the answer is very, very few other than a couple in tests. Now, let me rephrase that. The other part of our strategy, let me not say rephrase that, let me add another piece to that. Besides the general fleet of sedans and pick up trucks, we also have a significant program to downsize our vehicles into what we call low speed vehicles or sometimes called neighborhood electric vehicles, and again, I'll get you the specific numbers in the inventory, but the vast majority -- wherever we can, we substitute a low speed vehicle and it can only go 30 miles an hour, but in fact, it will achieve significant energy savings, some of those are electric, some of those are gas.

Q You're talking about those really golf cart things that we sometimes see on the highway?

MR. AIMONE: Yeah, but I would rephrase it not as a golf cart, it's street legal.

Q Right.

MR. AIMONE: It is a street legal, low speed vehicle. It does everything that we need to do in the application has been sized for. It has the proper brakes, safety equipment, enclosed in many cases for the weather, et cetera, et cetera.

Q Thank you. MR. AIMONE: From the back it looks just like a small truck.

Q Thank you.

SEAMAN SELBY: Thank you, sir. And Jared, did you have a follow up question?

Q No, I'm okay. Thanks.

SEAMAN SELBY: Andy, that last question was yours.

Q I'll keep it really short and it may even be almost more of a statement than a question and that is from the talk yesterday with Mindy Montgomery, she was talking about how much latency there's going to be introducing fully burden cost of fuel into the procurement system and before a new wave of procurement officers have that as part of their indoctrination, but to Kevin's point about -- an answer to the tanker future, which has so many moving parts to it might lie, in fact, AQ. It will be interesting to see how fast that AQ starts to assimilate some of the principles that are espoused from the fully burden cost of fuel approach and when we talk to those folks, we'll ask them if they've ever heard of that and how they're implementing it and, for example, like in the tanker program we could have a really big multiplier effect.

MR. BILLINGS: Absolutely.

Q That's it. Thank you.

SEAMAN SELBY: Again, thank you to everybody and Mr. Billings and Mr. Aimone, if you have some closing comments, that would be great.

MR. BILLINGS: I just want to thank you for taking the time to meet with us and talk to us about energy and the things that we're doing. This is a huge issue for the Air Force and it continues to -- in many, many arenas, not only in the United States, but across the world, it is something that we're thinking about on a regular basis and I appreciate you taking the time.

MR. AIMONE: From a closing comment from my point of view, Mike Aimone, two things. As you may have discovered yesterday with Mindy, but the reason why we asked the DOD and new media office to consider us getting on a blog like this is, October is Energy Awareness Month across the federal government. It's sponsored by the Department of Energy, the Department of Air Force plays this pretty big across our installations to bring awareness forward and we're hoping that as you work your blogs, and certainly, I will pay attention to your blogs over the next week or so, it'll begin to build a drumbeat that energy is, in fact, something that all of us can do something about in our pieces and I'll give just two examples in the aviation side for a moment. We've looked at how we paint airplanes and in the case of the B-1, large bomber aircraft through new painting processes, we're able to strip off about 5,000 pounds of weight off the airplane during depot repair and maintenance and as we apply the new coating system, new processes that lead to a coating system on the aircraft we'll only apply about 3,000 pounds.

So we're taking 2,000 pounds off of each B-1 as they go through the paint shops at depot level at this moment in time. That's a new thing and think about aviation for a moment, every pound of weight that you carry is a significant number of pounds of fuel that you have to carry for the opportunity to carry that weight. Another example in the aviation sector for a moment is how we flight plan. Historically, we flight planned each mission, but then we fueled the airplane, if you will, to a standard ramp load of fuel because it allowed for flexibility. At least on our large airplanes, we have made a

conscious decision over the last year to not only flight plan the flight plan such that were most efficient in fuel use, but we're loading that aircraft with the fuel required for that particular mission profile.

And so, again, we're reducing significant weight because every pound of fuel that you land above reserve level is a pound of fuel that you really didn't need to carry with you on that flight.

Q Anything published on that last action?

MR. AIMONE: Yes. I can get you -- that may take a day or two, but at the very minimum, I can get you the policy memorandum that was issued by General McNabb on this subject relatively quickly and that's what I'll start with.

Q Thanks.

MR. AIMONE: So there's much that can be done on the aviation sector as has being done over the years in the facility sector. You have to start putting your thoughts together on where do you make a difference.

SEAMAN SELBY: Thank you, sir, and thank you to all the blogger participants today and Mr. Billings and Mr. Aimone. We've had some great questions and comments today.

Today's program will be available online at the bloggers' link on dod.mil where you'd be able to access a story based on today's call along with source documents such as this audio file and print transcript.

Again, thank you to everybody on the line and you may also feel free to disconnect at this time.

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